

### **EXTENSION AND MODIFICATION AGREEMENT**

In connection with the ownership and operation by PM Hotel Associates, L.P., as successor to PM Associates ("Owner") of the hotel known as Le Parker Meridien Hotel located at 109-123 West 56<sup>th</sup> Street, New York, New York, (the "Hotel") pursuant to that certain agreement effective July 31, 1996 by and between Meridien Hotels, Inc. ("Meridien") and PM Associates (the "Agreement"), as amended by a letter agreement ("Letter Agreement") between Owner and Meridien, dated May 19, 2003, the parties agree to extend and modify the Agreement as follows:

1. The term of the Agreement shall continue to December 31, 2014. Owner has the option to continue this Agreement until December 31, 2024, upon the same terms and conditions, provided Owner notifies Meridien of its intent to continue said Agreement at least eighteen (18) months prior to December 31, 2014;
2. The second sentence of paragraph 2(c) of Article II shall be amended to read as follows: "These amounts shall be increased each year by the increase (if any) in the Consumer Price Index issued by the Bureau of Labor Statistics of the United States Department of Labor (All Urban Consumers, New York-Northern N.J.-Long Island, NY-NJ-CT-PA, all items, base period 82-84=100) for December in the immediately preceding year over said index for December in the calendar year 1995."
3. Meridien's Basic Fee, in paragraph 1 of Article III is reduced to one and one quarter (1.25%) percent of Rooms Revenue of the Hotel for each month;
4. The second sentence of paragraph 2(a) of Article III shall be amended to read as follows: "For purposes of determining the Incentive Fee, the Base Rooms Revenue will be increased annually by comparing the difference in the Consumer Price Index issued by the Bureau of Labor Statistics of the United States Department of Labor (All Urban Consumers, New York-Northern N.J.-Long Island, NY-NJ-CT-PA, all items, base period 82-84=100) for December of each year during the term of this Agreement with such index for December of the calendar year 1995."
5. The Incentive Fee, in paragraph 2(a) of Article III is reduced to one (1%) percent of the Rooms Revenue exceeding Rooms Revenue for the year 2000, as determined by the audit of the 2000 financial statements of

the Hotel. The reference to "1995" set forth in the ninth line of paragraph 2(a) of Article III is hereby deleted and "2000" is substituted therefore;

6. The clause "the Meridien Chain operates less than five (5) properties in North American" appearing in paragraph 2(g) of Article V is amended to read "the Meridien Chain operates or franchises, in the aggregate, less than five (5) properties in the United States and Canada; provided if any affiliate of Owner enters into a licensing agreement similar to the Agreement relating to a Hotel in Palm Springs, California the number "five (5)" in this sentence shall be increased to "six (6)" .

7. The radius referred to in paragraph 3(f) of Article VII applicable to Competitive Acts is reduced from fifty (50) to twenty-three (23) miles.

8. Owner acknowledges that, to its knowledge, Meridien is in compliance with its obligations under the Agreement;

9. Meridien acknowledges that the Hotel is managed, and all Covered Items are, to Meridien's knowledge, in conformance with standards acceptable to Meridien;

10. All notices to Owner shall be addressed to PM Hotel Associates, L.P., c/o Richard Gordon, Esq., 1700 Broadway, 34<sup>th</sup> Floor, New York, NY 10019;

11. Except as hereby modified, the Agreement dated July 31, 1996 as modified by the Letter Agreement dated May 19, 2003 shall remain unchanged, are in full force and effect and shall continue to be binding on the parties hereto.

Dated: May 28, 2003

(SIGNATURE PAGE TO FOLLOW)

Very truly yours,

PM Hotel Associates, L.P.

By: PMGP Associates, L.P., general partner

By: PM Hotel Corp., general partner

By: 

Name:

Title:

AGREED AND ACCEPTED

Meridien Hotels, Inc.

By: 

Name: Lisa Mackenzie

Title: President

Meridien, S.A.

By: 

Name: David Mandefield

Title: President - Directeur General